



Minutes of the Joint Workshop on “How to encounter demographic change?-Comparison between the EU and Japan” on September 22nd 2010 at Kobe University



1. Prof.Claudius Ohder, Berlin School of Economics and Law

Prof.Ohder made his informative presentation on “Demographic Change in European Societies”. He has pointed out that there are three key-components affecting the population change: life expectancy, fertility and migrants.

(1) Life Expectancy

Life Expectancy is getting longer and longer due to considerable progress made in health care and quality of life in Europe. The continuance of the increase in longevity brings up the need to motivate elderly people to stay active in the labour market longer.

(2) Fertility

The fertility rate in Europe has dramatically declined. As the result, Europeans have a fertility rate which is insufficient to maintain the current population. A low birth rate is a challenge for the public authorities. Cost of education and child-care systems are to be reviewed to raise the rate.

(3) Migrants

It is almost crucial for the labour market to accept the migrant workers even though there will be potential social/cultural issues coming along with the diverse population. Immigration from outside the EU could help to mitigate the effects of the falling population, although it is not enough on its own to solve all the problems associated with ageing and it is no substitute for economic reforms. This means that the admission mechanisms for third country nationals must be managed effectively and transparently,

and proactive integration and equal opportunities policies must be ensured.

The common trends to the demographic change in Europe are 'fewer', 'older' and 'more diverse'. In order to tackle the matters rising out of the trends, more solidarity among the generations is needed as well as integrated policies throughout Europe instead of sectoral policies. Additionally, public policies must take these demographic changes into accounts in all policy areas concerned. It is essential to not only reach but to exceed the objective in the Lisbon Strategy - an employment rate of 70% - to compensate for the expected drop in the working age population.

2. Ms Eve Paarendson, President of the Contact Group on Japan, the EESC Employer's Group

Ms Paarendson spoke on "Ageing, and shrinking population: challenges and opportunities from businesses' perspective", where she showed current developments of the EU's demographic changes and also European business's reactions to them; reforms of labour markets, pension and health care systems, taking into account the "*flexicurity*" principles, reconciling work and private life etc., On the basis of her analysis, she concluded that "the ageing society brings new business opportunities, such as recreation services, medical and pharmaceutical field, technological (robotics) and ICT solutions for older people.

3. Associate Professor Yuki Sekine, Graduate School of Law, Kobe University

Associate Professor Sekine introduced "Employment Policy and Old-age Pension in Japan: Their Interactions". Firstly, she introduced Japan's policy towards ageing and changes on its pension system and employment practice. Then she concluded, (1) the traditional Japanese employment practices, both highly uniform and collective, while providing high job security, were also blamed as overly rigid, (2) the uncontrollable ageing of the population and the pool of aged though energetic elderly workers it has created, is reorganizing Japanese labour market, demanding for more flexibility and "age-freeness", (3) This might take some more time to be accepted.

4. Mrs. Erika Koller, Member of the Contact Group on Japan, EESC's Employee's Group

Mrs. Koller made her speech on "Work-life balance as a pre-condition for demographic restoration of the society". She introduced that the work-life balance has become to be high on the agenda of the EU institutions and the social partners. There is a consensus at EU level - including social partners - on the importance of policies promoting

work-life balance. In addition, she pointed out that the issues to be tackled are (1) special leave and career breaks, (2) part-time working, and (3) flexi-time. She also introduced discussions at the EU level, focusing on the European Employment Strategy, such as (1) working time, new forms of work organization, (2) parental leave, (3) day-care of children, (4) Pregnant workers, and (5) reconciliation of work and family life.

5. Associate Professor Takashi Unayama, Graduate School of Economics, Kobe University

Associate Professor Unayama discussed “Marriage and Ageing: Why fertility rate is so low in Japan”. During his presentation, he demonstrated that Japan has experienced the most rapid ageing in the world, caused mainly by low fertility rate. This low fertility rate is strongly associated with Japan’s low marriage rate which is caused by the fact that (1) most female workers still leave their jobs after marriage and (2) relative wage of full time worker has been greatly improved, while that of part-time worker (for most married females) has remained low. Therefore, he concluded that Japan needs more child care support to tackle the ageing problem.

6. Mr. Krzysztof Pater, Member of the Contact Group on Japan, EESC’s Various Interest Group

Mr. Krzysztof made his speech on “Challenges facing the European pension systems”. He emphasized that, under low fertility rates, increased life expectancy and retirement of the baby-boom generation, European pension system has to be reformed. However, citizens do not accept or fully understand changes and tendency to postpone reforms to leave problems for the next government(s) and generations. There should be, he insisted, the following reforms; more years in retirement, decreasing ratio of people of working age to people of retirement and increase in pension schemes duration. After introducing European pension system and its reform plan, he concluded that pension reforms in Europe are still necessary, the current crisis lesson must be taken into account and pension systems must be based on synergies between various policies.

7. Mr. Tatsuya Ishikawa, NLI Research Institute

Final speaker, Mr. Ishikawa, discussed “Role of public and private pension benefits in financing elderly household consumption-comparison of OECD countries”. Based on his detailed analysis, he made the following conclusions;

- a. Actual extent of dependency on the public pension system varies by country. (1) Countries weighted toward private pension: Ireland, Switzerland, UK and US, (2) Countries weighted toward public pension: Austria, Germany, Italy and (3) Countries with well-balanced weighting of public and private pension : Denmark, Finland, Japan, Sweden
- b. Main source of income for Japanese retired households is the public pension benefit. However, importance of private pension benefit and other types of dissavings has been growing so as to keep their consumption not lower than that of younger households
- c. As the pensionable age is stepped up, the public pension benefit has decreased for householders aged 60-64, and this trend will continue.
- c. Voluntary contributions to private pensions by younger households in preparation for retirement are much lower than contributions made by present beneficiaries in the past.

8. Discussions and Closing

At the final session, Prof. Hiromasa Kubo, president of the EU Institute in Japan-Kansai, made the following remarks: “Thanks to the European Economic and Social Committee, the co-organizers of the Workshop, we could understand that both the European Union and Japan are facing very similar problems, although social structures and practices are somewhat different. Therefore, there are a lot of fields to learn each other and to draw lessons from one another.

Currently, the European Commission and Japanese government are drawing next phase of the “Action Programme” where “people to people exchange” is said to be put priority. In order to activate the “people to people exchange”, we have to discuss the common or similar issues both civil societies are facing. Needless to say, the ageing society is one of the top agenda. The EESC and the EUIJ-Kansai will appeal to the Commission and Japanese government to raise the “ageing society” issue to the coming “Action Programmes”. Thank you all participants who made great contributions to this important workshop. And, as we promised, we will co-organize next workshop in March 2011 in Brussels.”